

World and Domestic Sugar Prices

World prices for raw sugar (f.o.b. Caribbean, Contract No. 11) averaged nearly 13 cents per pound during first quarter (October- December) 1997/98, well above a year earlier. Major factors supporting the market for raw sugar were Russia's commitments to buy raws following a poor domestic and Ukrainian beet harvest, uncertainty about the size of the European Union beet crop, increasing pessimism about Cuba's sugarcane crop, and El Nino-related problems with Thailand's cane crop. During second quarter, raw prices were driven down to about 11.15 cents per pound by reduced buying by Russia, slack demand from Asia, a large cane crop in Brazil, talk of deregulating the alcohol sector in Brazil, and the large beet sugar supply from the European Union.

World refined sugar (c.i.f., London, Contract No. 5) prices averaged 13.7 cents per pound during first quarter 1997/98, only marginally above the raw price. The low profitability of refining raw sugar, reflected in the narrow refiners' margin, eventually pressured some customary raw sugar buyers to renege on commitments in favor of buying beet sugar. Competition from white sugar sellers contributed to the second-quarter downturn in raw sugar.

In the United States, wholesale refined sugar prices averaged slightly above 25 cents a pound, 4 cents below a year earlier. Large end-of-season beet sugar stocks, and a large 1997/98 beet crop, contributed to lower prices for the coming marketing campaign. Raw sugar prices (nearby futures, c.i.f., duty-free paid, New York, Contract No. 14) averaged 22 cents per pound, compared with 22.2 cents a year earlier. Second-quarter 1997/98 prices averaged 21.6 cents, compared with 21.9 cents a year earlier. A significant factor contributing to the change in raw sugar prices has been the change in domestic refined-sugar prices in 1997/98.

World and U.S. Raw and Refined Sugar Prices (monthly averages)

World Raw Sugar Prices 1/

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
(Cents per Pound)												
1995	14.87	14.43	14.58	13.63	13.49	13.99	13.46	13.75	12.72	11.94	11.96	12.40
1996	12.57	12.97	13.07	12.43	11.94	12.54	12.83	12.33	11.87	11.65	11.29	11.38
1997	11.13	11.06	11.17	11.50	11.54	12.02	12.13	12.54	12.65	12.86	13.19	12.90
1998	11.71	11.06	10.66	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1/ Contract No. 11 F.O.B stowed port (including Brazil bulk spot price)

Source: New York, Coffee, Sugar, and Cocoa Exchange

World Refined Sugar Prices 2/

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
(Cents per Pound)												
1995	18.75	18.17	17.45	16.31	17.05	19.16	20.27	20.01	16.58	17.29	17.64	17.21
1996	17.36	17.90	18.14	18.02	17.79	18.00	16.99	16.81	15.74	14.87	14.09	13.95
1997	13.87	13.98	14.05	14.19	14.61	14.93	15.07	15.66	14.51	13.58	13.81	13.64
1998	13.52	12.78	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

2/ Contract No. 5, London Daily Price for refined sugar, F.O.B Europe, spot.

Source: LIFFE, London

U.S. Raw Sugar Prices 3/

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
(Cents per Pound)												
1995	22.65	22.69	22.46	22.76	23.10	23.09	24.47	23.18	23.21	22.67	22.60	22.63
1996	22.39	22.68	22.57	22.71	22.62	22.48	21.80	22.51	22.38	22.37	22.12	22.14
1997	21.88	22.07	21.81	21.79	21.70	21.62	22.04	22.21	22.30	22.27	21.90	21.93
1998	21.85	21.79	21.14	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

3/ Duty-Free paid, New York

Source: New York, Coffee, Sugar, and Cocoa Exchange

U.S. Wholesale Refined Sugar Prices 4/

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
(Cents per Pound)												
1995	25.50	25.50	25.50	25.50	25.13	25.10	24.75	24.75	25.50	25.75	28.13	28.85
1996	28.69	29.00	29.50	29.50	29.70	29.50	29.50	29.00	29.00	29.00	29.00	29.00
1997	29.00	29.00	28.13	28.00	28.00	27.50	27.00	26.65	26.38	24.90	25.00	25.50
1998	25.50	25.50	25.50	25.50	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

4/ Midwest Market

Source: Milling and Baking News